

**NEW JERSEY DEPARTMENT OF HEALTH AND SENIOR SERVICES
WIC SERVICES**

POLICY AND PROCEDURE MANUAL

Policy & Procedure Number: 1.00

Effective Date: January 9, 2012

Functional Area: I. VENDOR MANAGEMENT

Subject: Vendor Selection Authorization Process

A. POLICY:

1. Selection of vendors shall be conducted through an open, tri- annual vendor application process according to terms and conditions established in this policy by the State Agency (SA).
2. The SA shall authorize an appropriate number of WIC retail stores for **each municipality** (bureau, city, town, township) to ensure adequate participant convenience and access, cost containment through vendor competitive prices and allowable reimbursement levels, and to ensure that authorized WIC retail stores can be properly trained, monitored, and evaluated.
3. The SA must develop procedures for processing vendor applications outside of its tri-annual vendor application period when it determines there will be inadequate participant access unless additional vendors are authorized. See P&P 1.24 (Inadequate Participant Access) and Attachment 1.24A (Inadequate Participant Access Assessment Tool).
4. The authorized number of WIC retail stores will be reviewed and updated on the tri-annual vendor application process by the SA.
5. A vendor/store is defined as a sole proprietorship, partnership, cooperative association, corporation, or other business entity operating one or more stores authorized by the State agency to provide WIC authorized supplemental foods to WIC participants under a retail food delivery system.
 - a. Each store operated by a business entity constitutes a separate vendor and shall be authorized separately from other stores operated by the business entity.
 - b. Each store shall have a single fixed location.
6. The SA shall enter into a two-party agreement with vendors, ensuring that statewide criteria are used to select all WIC vendors.
7. The SA shall provide notice of the tri-annual, open vendor application period to all authorized vendors prior to the expiration of the current contract period. The SA shall publish a 30-day advance notice of the open vendor application period in selected, appropriate media for vendors interested in participation.

8. The SA shall reassess any authorized vendor at any time during the vendor's agreement period using the vendor selection criteria in effect at the time of the reassessment and shall terminate the agreements with those vendors that fail to meet them.
9. The SA shall have exclusive authority to establish criteria to limit the number of vendors/stores it authorizes. These limiting criteria shall be applied consistently statewide. The specific maximum number allocation shall be the smallest number yielded by one of the following formula methodologies:
 - a. Standard Caseload Formula:

Urban areas - 7 vendors per 1,000 participants
Rural areas - 15 vendors per 1,000 participants
 - b. Historical Data - Such factors as current number of enrolled stores, decrease or increase in caseload and number of eligible participants served are reviewed.
 - c. The local agency WIC Programs (LA) shall submit specific geographic service area locations requiring an increase/decrease in number of vendors.
 - d. Currently active vendor seeking renewal of their Agreement must serve 100 WIC participants per month in urban areas or 50 WIC participants per month in rural areas.
10. The SA shall authorize new vendors during the course of the tri-annual contract period for the following reasons:
 - a. A current vendor ceases participating in the program;
 - b. When a change in ownership occurs and the previous vendor has served at least 100 WIC participants in an urban area and 50 WIC participants in a rural area;
 - c. An increase in participation requires an additional vendor.
11. The SA shall establish minimum requirements for the variety and quantity of all allowable supplemental foods that a vendor applicant must stock to be authorized per month. The vendor applicant must meet these minimums. See Attachment J, Minimum Stock Requirements.
12. The State agency shall establish a vendor peer group system and distinct competitive price criteria and allowable reimbursement levels for each peer group.
 - a. The State agency shall use the competitive price criteria to evaluate the prices a vendor applicant charges for supplemental foods as compared to the prices charged by other vendor applicants and authorized vendors, and must authorize vendors selected from among those that offer the program the most competitive prices.

- b. The State agency shall consider a vendor applicant's shelf prices or the prices it bids for supplemental foods, which may not exceed its shelf prices.
 - c. In establishing competitive price criteria and allowable reimbursement levels, the State agency shall consider participant access by geographic area.
 - d. The State agency shall inform all vendors of the criteria for peer groups, and must inform each individual vendor of its peer group assignment.
- 13. The State agency shall not impose the costs of EBT equipment, systems, or processing required for electronic benefit transfers on any retail store authorized to transact food instruments, as a condition for authorization or participation in the program. The State agency shall allow retailers to contribute to such costs on a voluntary basis.
- 14. The State agency shall not authorize a vendor applicant if the State agency determines the store has been sold by its previous owner in an attempt to circumvent a WIC sanction. The State agency shall consider such factors as whether the store was sold to a relative by blood or marriage of the previous owner(s) or sold to any individual or organization for less than its fair market value.
- 15. The State agency shall consider the impact of authorization decisions on small businesses.
- 16. At the time of application, the State agency shall collect the vendor applicant's SNAP authorization number if the vendor applicant is authorized in that program.
- 17. The SA shall not authorize vendor applicant or any of the vendor applicant's current owners, officers, or managers if they have been convicted of or had civil judgment entered against them for any activity indicating a lack of business integrity during the last six years of date of application. Activities indicting a lack of business integrity include fraud, antitrust violations, embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, receiving stolen property, making false claims and obstruction of justice.
- 18. The SA shall not authorize vendors that is currently disqualified from SNAP (formerly the Food Stamp Program) or that has been assessed a SNAP civil money penalty for hardship and that the disqualification period that would otherwise have been imposed has not expired, unless denying authorization of a vendor applicant would result in inadequate participant access.
- 19. The SA shall ensure that all authorized WIC vendors are trained, monitored and evaluated.

B. PROCEDURES

1. Currently active and new applicant vendors seeking consideration as authorized Vendors for the WIC Program must initiate action by requesting and submitting to the State Agency a completed application package. The application packet shall include the following:

- a. Vendor Letter (Attachment 1.00A)
- b. Vendor Application (Attachment 1.00B)
- c. Commodity Price List Survey (CPL) (Attachment 1.00C)
- d. Sample of Vendor Agreement (Attachment 1.00D)
- e. Vendor Selection Criteria (Attachment 1.00E)
- f. ACH Authorization Form (Attachment 1.00F)
- g. Authorization for Release of Tax Return Information Form (Attachment G)
- h. Designation of Infant Formula Manufacturer, Retailer, Wholesaler and Distributor Form (Attachment H)
- i. List of Infant Formula Manufacturers, Wholesalers and Distributors (Attachment I)
- j. New Jersey WIC Program Authorized WIC Foods (Attachment 2.12A)
- k. New Jersey WIC Vendor Minimum Stock Requirements (Attachment J)
- l. Preparing for a WIC Vendor Monitoring Visit (Attachment K)

2. Initial Review of Application

- a. Upon receipt of the application packet, the SA will review the submission to determine if the vendor has established the capability to fulfill the responsibilities of a WIC vendor. Meeting these qualifications does not constitute authorization for food instrument and Cash Value Voucher redemption.
- b. If the vendor passes initial review, and onsite visit will be conducted to complete an assessment and verify submitted information.
- c. If the vendor fails to pass initial review, a denial letter, explaining the reason for non-selection, shall be sent to the vendor. The letter shall notify the vendor of the right to request a fair hearing.
- d. NJ does not authorize above 50% vendors. Current vendors deriving more than 50% of the store's annual food sales revenue from WIC food instruments shall be terminated. Vendor applicants expecting to derive more than 50% of the store's annual food sales from WIC food instruments shall receive a denial letter.

3. State Agency On-Site Review

The SA shall visit and complete the Vendor Assessments Selection Check List on vendors who pass the initial review. The Commodity Price List (CPL)/Minimum Stock Inventory shall be used to verify the vendor's current shelf prices and determine if vendor meets WIC minimum stocking requirements.

4. Final Decision

- a. The State agency shall notify the Vendor in writing whether the vendor's application for authorization is granted or denied.
- b. Vendors receiving denial letters shall have the right to request a fair hearing.

5. Vendor Training

- a. Vendor applicants who have received written notification of application acceptance shall be scheduled for authorization training.
- b. The SA will provide a vendor with at least one alternative date on which to attend such training.
- c. Currently active vendors will be provided a notification letter which will give them the dates, times, and locations of training sites that will be held within their region.
- d. New applicant vendors will be provided a notification letter which will give them the date and time of the scheduled authorization training for applicant vendors to be held at the State Office.
- e. Failure to attend training shall result in the currently active vendor not being awarded a new Vendor Agreement to act as an authorized vendor at the end of their current and existing Agreement period.
- f. Failure of an applicant vendor to attend training will result in the new vendor not being awarded a Vendor Agreement to act as a new authorized New Jersey WIC vendor.

6. Vendor Agreement

Upon completion of vendor authorization training the vendor will be awarded authorization.

- a. This Vendor Agreement shall specify the conditions under which the Vendor must operate.
- b. The sole proprietor or an authorized representative who has legal authority to contract for the sole proprietor of the store shall sign the Vendor Agreement and return it to the State Office.
- c. An authorized representative of the New Jersey WIC Program shall sign the Agreement upon receipt of a signed Agreement.
- d. Currently active vendors shall be provided a new Vendor Agreement extending their authorization for another three (3) years provided that the vendor has met and

continues to meet the eligibility criteria.

- e. New vendors shall be provided an initial Vendor Agreement for a period of six (6) months. Upon a satisfactory completion of a second on-site visit, new vendors Agreement contract period shall be extended for the duration of the current contract period.
- f. New vendors shall be provided all necessary New Jersey WIC Program training materials.

Attachment(s):

1.00A Vendor Letter
1.00B Vendor Application
1.00C Commodity Price List Survey (CPL)
1.00D Sample Vendor Agreement
1.00E Vendor Selection Criteria
1.00F ACH Authorization Form
1.00G Authorizations for Release of Tax Return Information Form
1.00H Designations of Infant Formula Manufacturer, Retailer, Wholesaler and Distributor Form
1.00I List of Infant Formula Manufacturers, Wholesalers and Distributors
1.00J New Jersey WIC Vendor Minimum Stock Requirements
1.00K Preparing for a WIC Vendor Monitoring Visit
2.12A New Jersey WIC Program Authorized WIC Foods